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190400Z Jul 05

C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 004419

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E.O. 12958: DECL: 07/18/2015

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SUBJECT: RAMON DESCRIBES DISENGAGEMENT COORDINATION
PRIORITIES

Classified By: Charge d'affaires Gene A. Cretz for reasons 1.4 (b) and (d).

11. (C) Summary: In a July 14 meeting, Minister without Portfolio Haim Ramon described disengagement coordination priorities for Assistant Secretary Welch, Ambassador Kurtzer, and Lt. General Ward. Ramon expressed his desire to coordinate \$50 million in USG assistance for improving passages with the PA, but noted the Israeli Ministry of Finance was an obstacle. He expressed disappointment that no final agreement had been reached to deploy Egyptian border guards opposite the Philadelphia corridor, stressing the importance of involvement from the PM's office in any resolution of the issue. Ramon said that Egyptian intelligence chief Omar Soliman "did not object" to a proposal for Egypt to take the rubble from Gaza settlement housing due to be razed, but that Soliman wanted any deal to be secret and a commercial, not a government-to-government, transaction. End Summary.

12. (C) Minister without Portfolio Haim Ramon, designated by the Prime Minister as one of the GOI's disengagement coordinators with the PA, described his disengagement coordination priorities in a July 14 meeting with Assistant Secretary Welch, the Ambassador, Lt. General Ward and NSC

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Director Mustafa. Einat Wilf, Vice Premier Shimon Peres' foreign affairs advisor, joined the meeting.

Passages

13. (C) Ramon began the meeting by discussing passages between Israel and the West Bank/Gaza. In his view the passages are as important for Israel as for the PA because \$500 million/year in Israeli products are sold to Gaza. Ramon estimated that there was an urgent need for \$50 million to complete upgrades at three key passages -- Erez, Karni, and Tulkarm (West Bank) -- to facilitate the movement of goods. He also detailed the unilateral upgrades that the GOI has undertaken at Karni to expand from two to eight transit lines for permit holders seeking to enter Israel. According to Ramon, this plan will decrease the current wait time for permit holders from three or four hours to a maximum of two hours at the passage. Ramon also detailed the proposal he endorses to extend an existing rail line from Ashdod to Erez and to build a cargo terminal at Erez. Plans at Tulkarm call for establishing a temporary access point east of the Green Line and a permanent passage just west of the Green Line. Ramon claimed that the Palestinians agree with this plan.

14. (C) Regarding funding for the upgrades at the three priority terminals, Ramon characterized the Ministry of Finance (MoF) as the biggest obstacle to unlocking USG assistance. Wilf described the MoF as "thinking the \$50 million was given to Israel, so what is the need to coordinate?" Ramon said that he planned to work with the Ministry of Defense (MoD) on July 18 to establish a shopping list of equipment and upgrades for the passages. Ramon expected that the list would then be coordinated with the PA. Wilf warned that the MoD is seeking to divert the money for use on West Bank passages, when the more urgent need for upgrades, in her view, is with Gaza.

15. (C) Ramon criticized the PA for holding off negotiations on the passages in what he said was an attempt to secure GOI agreement for door-to-door shipping. Wilf suggested urgent efforts are needed to convince the MoF that U.S. assistance would not be delivered until arrangements for passage upgrades are coordinated with the PA. In addition, she suggested that the Embassy bring the two parties together for either a trilateral or back-to-back meetings about how to spend the \$50 million. Ambassador Kurtzer concurred and offered to have USAID facilitate such a meeting. A/S Welch asked that the GOI forward any plans or "shopping lists" to the USG in advance of the meeting with the PA, but emphasized that the USG will not mediate negotiations about how to spend the money.

Philadelphi Corridor

16. (C) Assistant Secretary Welch queried Ramon about his recent visit to Egypt and what he had learned while there. In a read-out of his meeting with Egyptian intelligence chief Omar Soliman, Ramon expressed disappointment about the failure to reach final agreement on the deployment of Egyptian border guards along the 14-kilometer border between Egypt and Gaza. Ramon said that he believed that the major issues had been solved and now the GOI was dealing with "legal nonsense." Ramon indicated that he was sure that an agreement would be reached. A/S Welch commented that on previous visits an agreement was also "imminent" but almost a month later no progress had been made. He asked what is needed to resolve the issue. Ramon commented that the Prime Minister's Office needs to be involved in any decision about securing the Philadelphi corridor. He cautioned that even if Egyptian border guards are deployed along the border, the GOI would not withdraw from Philadelphi until it is confident that the Egyptians are securing the border.

Rubble Trouble

17. (C) Welch inquired about the Egyptian reaction to the proposal for moving the rubble from the settlers' houses in Gaza to the Sinai in Egypt for burial. Ramon said that Soliman "did not object." The plan, according to Ramon, is for Israeli demolition, Palestinian transportation, and Egyptian disposal (burial) of the rubble. Ramon thought that an agreement was possible, but noted that Soliman had two conditions. The first is that the deal not be made public. Secondly, Soliman asked that the deal be structured as a commercial transaction and not an agreement between governments.

18. (C) Ramon recounted that PA Minister for Internal Affairs Dahlan viewed the rubble issue as the GOI's problem, not his. Ramon said he believes the PA is supportive of the destruction of the houses because removing the rubble would create jobs in Gaza. He thought the PA realizes as well that it would not be able to control who takes over the houses after disengagement.

19. (C) Wilf suggested that leaving the houses intact would be the only alternative if the GOI is not able to reach an agreement about disposal of the rubble. A/S Welch cautioned that this was not a viable option since both the GOI and the PA had agreed to the destruction, and the USG has been supportive of this first "agreement" resulting from disengagement coordination.

110. (U) Assistant Secretary Welch has cleared this message.

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